companies also under the jurisdiction of the Company Law Board.

Non-compliance of the Company Law Board Orders is punishable with imprisonment which may extend upto three years and a fine of not less than Rs. 50/- for every day during which non-compliance continues.

Shifting of Headquarter of M/s Shaw Wallace & Co. Ltd.

1393. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state :

(a) whether headquarter of M/s Shaw Wallace and Co. Ltd. has been shifted from Calcutta without Board's approval;

(b) whether CLB nominee in the comany's Board had informed Government in February, 1998 terming it as an important decision affecting the company; and

(c) if so, the action taken by Government in this regard in view of its petition filed before the Principal Bench of CLB under Section 408 of the Companies Act, 1956?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS AND THE MINISTER OF SURFACE TRANSPORT (SHRI M.THAMBI DURAI): (a) No, Sir. The Registered Office of the Company continues to function from Calcutta.

(b) and (c) One of the CLB nominees on the Company's Board had informed the Department that an important decision such as shifting of Head Office to Mumbai was taken without approval of the Board of Directors. This observation was brought by the Department to the notice of Company Law Board which is already adjudicating a petition filed under Section 408 of the Companies Act, 1956 in the matter of M/s Shaw Wallace and Co. Limited. The Company Law Board is a Quasi-Judicial Authority and the matter is sub-judice.

Inspection of Companies seeking clearance to buy Shares

1394. DR. D. VENKATESHWAR RAO: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether transactions in crores have been held up because fresh inspections of each of the companies seeking clearance to buy shares are being insisted upon;

(b) if so, the reasons therefor; and

(c) the steps proposed to remove bottlenecks and clear about 75 pending files seeking permission since January, 1998?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS AND THE MINISTER OF SURFACE TRANSPORT (SHRI M. THAMBI DURAI): (a) No, Sir. The Central Government had issued instructions to its field offices on 1.5.1998 for conducting limited inspections under Section 209A of the Companies Act, 1956 in respect of applications made by companies seeking approval of the Central Government for making investment or giving loan to other companies. These instructions were however withdrawn on 15.5.1998.

(b) The limited inspections were ordered to ascertain the financial position of the company and to verify the authenticity of data furnished by them.

(c) The pending files are being considered for clearance on the merits of each case.

Cases Referred to Banking Ombudsmen

1395. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether there have been fair and amicable settlements of a very large number of cases referred to the Banking Ombudsmen during 1997-98;

(b) whether Reserve Bank of India has made it mandatory for banks to honour award handed down by the Ombudsmen in the various parts of the country; and

(c) if so, how many cases were settled or are still pending during 1997-98 and details of the awards challenged in the courts of law?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) Yes, Sir.

(b) The Banking ombudsman Scheme was formulated to get fair, speedy and inexpensive resolution to the customers' complaint and it is expected that the Award of Banking Ombudsman is accepted and implemented by the banks. In very ex-ceptional cases where the implementation of the Award is likely to create bad precedents for the bank and the banking system, banks should refer the matter to RBI, before contesting in any matter, the Award given by the Banking Ombudsman.

(c) During the year 1997-98, Banking Ombudsmen have settle 2812 complaints. At present about 1097 cases pertaining to the above period are pending at different stages with the Ombudsmen. Four awards are understood to have been challenged by the banks in the courts of law as per detail given below:

	Name of the complainant	Name of the Bank	Name of the Centre
1.	The Kalupur commercial Coop. Bank.	Syndicate Bank	Bhopal
2.	MP State Coop. Hsg. Federation	Allahabad Bank	Bhopal
3.	Mrs. Ch. Sailaja	State Bank of Hyderabad	Hyderabad
4.	P.R.N. Upadhyaya	Canara Bank	New Delhi.

Probe in Losses of Indian Bank

1396. SHRI KULDIP NAYYAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have given a dole of Rs. 1750 crores to Indian Bank which incurred losses of Rs. 1300 crores recently;

(b) whether the dole has been given in the form of 12 years special securities at 10 per cent interest towards capitalisation;

(c) if so, the reasons therefor; and

(d) whether Government propose to order probe into the reasons for which Indian Bank is incurring heavy losses?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) and (b) Government have contributed in February, 1998 a sum of Rs. 1750 crores to the capital of Indian Bank. This amount has been reinvested by the bank in the form of 12 years Recapitalisation Bonds bearing 10% rate of interest. The Indian Bank had incurred a net loss of Rs. 1336.40 crores and Rs. 389.09 crores for the years ended 31st March, 1996 and 31st March, 1997 respectively.

(c) In terms of the guidelines of RBI, Indian Bank had achieved CRAR of 9.42% (minimum required was 8%) as on 31st March, 1995. However, the Bank failed to maintain the norm of 8% as on 31.3.96 and 31.3.97 due to net losses incurred during the these years. In view of the obligation to reach CRAR of 8% and the bank's inability to raise the capital from the market, Government, as owners had contributed additional capital as stated above.

(d) During the year 1996-97, Indian Bank with the approval of their Board and RBI's concurrence had appointed consultants for undertaking a diagnostic study and suggesting turnaround strategy.